Opening Bell

November 16, 2017

Market Outlook

Indian markets are expected to witness a flat opening on the back of mixed global cues. With the quarterly earnings season coming to an end, the markets will take cues from global events as well as state elections in India in the near term.

Markets Yesterday

- Indian markets ended in the negative territory on the back of falling commodity prices in conjunction with subdued sentiments after weak results from companies like Sun Pharma and Grasim
- US markets ended in the red amid concerns on the global economy along with uncertainty on the Republican's tax reform

Key Developments

- Gati's consolidated revenues are expected to de-grow 2% YoY to ₹ 415.7 crore. Operating margins are expected to decline 50 bps to 6% resulting in EBITDA de-growth of 10% YoY to ₹ 25 crore. Core PAT is expected to decline 12% YoY to ₹ 7.3 crore. However, adjusting for exceptional gain (FCCB conversion), PAT is expected at ₹ 19.7 crore
- Wonderla Holiday's results were below our estimates. Although gross revenues increased 15% YoY, net revenues increased merely 1.3% YoY to ₹ 49.4 crore (vs. I-direct estimate of ₹ 57.4 crore) mainly led by higher GST rates. EBITDA increased 21.1% YoY to ₹ 11.1 crore (vs. I-direct estimate of ₹ 12.2 crore) mainly led by a decline in direct operating expenses (down 14.0% YoY)
- On the back of rising environmental concerns in Delhi, the Union government has preponed the roll out of BS-VI fuels from April-2018, which was earlier planned for 2020. The OMCs through media sources have cleared that although BS-VI infrastructure is still not in place, the companies would be able to meet Delhi's BS-VI fuel requirements through its existing refinery facilities

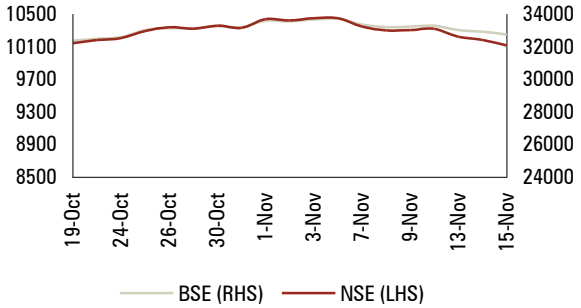
Nifty Heat Map

BPCL	504.7 2.4%	Asian Paints	1,181.6 2.3%	TECHM	496.6 1.8%	Ambuja Cement	276.2 1.8%	Eicher	30,483.4 1.3%
Kotak Bank	1,011.5 1.2%	IOC	389.5 0.7%	HPCL	413.8 0.6%	Hero Moto	3,671.8 0.5%	ICICI Bank	315.5 0.4%
Infosys	951.8 0.3%	Maruti	8,127.3 0.1%	Power Grid	207.0 0.0%	L&T	1,209.5 -0.1%	HDFC Bank	1,800.3 -0.1%
RIL	883.7 -0.3%	TCS	2,705.3 -0.3%	Zee Ent.	540.2 -0.4%	Dr Reddy	2,310.2 -0.4%	Yes Bank	301.0 -0.5%
HDFC Ltd	1,650.9 -0.6%	Coal India	272.4 -0.7%	Axis Bank	542.0 -0.7%	Wipro	296.5 -0.7%	Aurobin	696.1 -0.8%
Adani Ports	407.1 -0.9%	M&M	1,415.3 -1.0%	Tata Steel	677.8 -1.1%	Ultratech	4,306.7 -1.3%	SBI	325.0 -1.3%
ITC	253.3 -1.3%	Lupin	823.7 -1.4%	Tata Motors	408.7 -1.4%	Cipla	593.7 -1.5%	HUL	1,265.0 -1.5%
GAIL	449.2 -1.5%	NTPC	174.2 -1.6%	Bajaj Auto	3,213.0 -1.6%	Bharti Airtel	486.8 -2.3%	Bajaj Finance	1,713.8 -2.3%
BOSCH	19,205.8 -2.4%	ONGC	177.6 -2.4%	Indusind Bank	1,597.4 -2.5%	HCL Tech	848.4 -2.5%	IBULHSG FIN	1,161.3 -2.7%
UPL	721.5 -2.9%	Hindalco	251.9 -3.5%	Sun Pharma	504.7 -4.1%	Vedanta Ltd	295.5 -4.4%	Bharti Infratel	377.7 -4.9%

Today's Highlights

US industrial production MoM
Results: Gati

Index Movement (past month)



	Close	Previous	Chg (%)	MTD(%)	YTD(%)	P/E (1yr fwd)
Sensex	32,760	32,942	-0.6	-1.4	23.0	22.6
Nifty	10,118	10,187	-0.7	-2.1	23.6	21.6

Institutional Activity

	CY15	CY16	YTD CY17	Yesterday	Last 5 Days
FII (₹ cr)	19,695	14,049	-30,437	-381	719
DII (₹ cr)	66,249	11,320	76,035	869	2,751

World Indices – Monthly performance

Nikkei 22,381 9.9%	Dow Jones 23,271 2.4%	Kospi 2,528 1.8%	Nasdaq 6,706 1.5%	BSE 32,760 1.0%
Shanghai 3,399 0.4%	Germany 12,976 -0.1%	NSE 10,118 -0.5%	France 5,301 -0.9%	U.K. 7,373 -2.2%

Markets Today

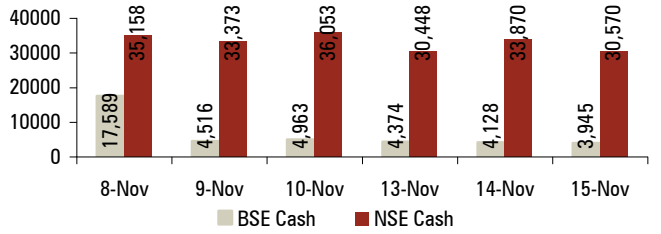
	Close	Previous	Change (%)	MTD(%)	YTD(%)
Commodities					
Gold (₹/10 gm)	29,544	29,397	0.5	0.7	6.2
Silver (₹/kg)	39,478	39,346	0.3	1.7	0.1
Crude ($/barrel)	61.9	61.9	0.1	0.9	9.0
Copper ($/tonne)	6736.25	6720	0.2	-1.2	22.0
Currency					
USD/INR	65.21	65.42	-0.3	-0.7	4.2
EUR/USD	1.18	1.18	0.0	1.2	12.1
USD/YEN	112.88	112.88	0.0	0.7	3.6
ADRs					
HDFC Bank	93.9	93.0	1.0	0.7	53.2
Tata Motors	31.4	31.6	-0.7	-3.5	-8.1
Infosys	14.8	14.9	-0.5	0.4	0.5
Dr Reddys Labs	35.9	35.5	1.3	-2.4	-21.6

Key Data Points

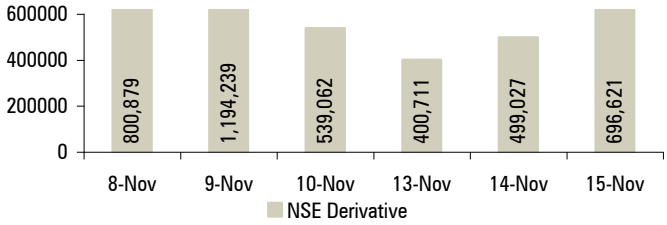
KEY ECONOMIC INDICATORS

Key Economic Indicator	Period	Latest	Prior Values
RBI Cash Reserve Ratio	N/A	4.00%	4.00%
RBI Repo Rate	N/A	6.00%	6.25%
RBI Reverse Repo Rate	N/A	5.75%	6.00%
CPI YY	October	3.58%	3.28%
Current Account Balance	Q2	-14.3bln $	-3.4bln $
Exports - USD	October	23.1bln $	28.61bln $
FX Reserves, USD Final	w/e	375.72bln $	372.73bln $
GDP Quarterly yy	Q1	5.70%	6.10%
GDP Annual	12M	7.10%	7.60%
Imports - USD	October	37.12bln $	37.6bln $
Industrial Output yy	September	3.80%	4.30%
Manufacturing Output	September	3.40%	3.10%
Trade Deficit - RBI	Q2	-41.2bln $	-29.7bln $
Trade Deficit Govt - USD	October	14.02bln $	8.98bln $
WPI Food yy	October	4.30%	2.04%
WPI Fuel yy	October	10.52%	9.01%
WPI Inflation yy	October	3.59%	2.60%
WPI Manufacturing Inflation yy	October	2.62%	2.72%

Exchange Cash Turnover (₹ crore)



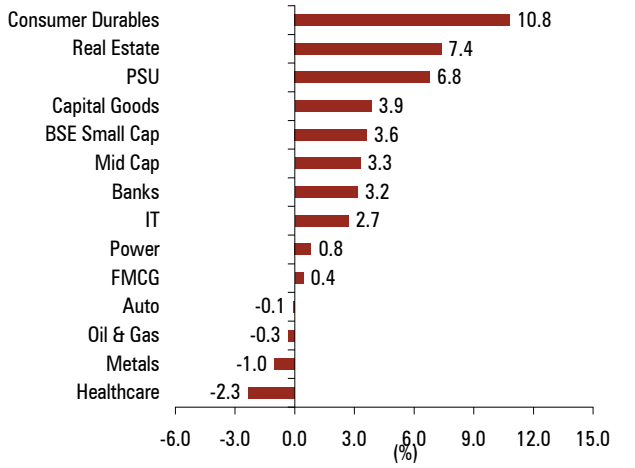
NSE Derivative Turnover (₹ crore)



Sectoral Index

Sector	Close	Previous	Change	% Change	Volume
Auto	24730.19	24872.33	-142.14	(0.57)	1940000
Banks	28624.15	28705.59	-81.44	(0.28)	9792000
BSE Small Cap	11792.74	11901.39	-108.65	(0.91)	66926000
Capital Goods	18070.51	18185.33	-114.82	(0.63)	14963000
Consumer Durables	20011.69	20292.51	-280.82	(1.38)	470000
FMCG	8304.6	8368.14	-63.54	(0.76)	1023000
Healthcare	17870.57	18140.06	-269.49	(1.49)	1830000
IT	11396.98	11501.95	-104.97	(0.91)	1254000
Metals	13839.75	14274.15	-434.4	(3.04)	7906000
Mid Cap	10993.02	11070.76	-77.74	(0.70)	64406000
Oil & Gas	15573.55	15669.8	-96.25	(0.61)	3872000
Power	2225.64	2260.71	-35.07	(1.55)	23355000
PSU	9103.48	9194.36	-90.88	(0.99)	27838000
Real Estate	2249.75	2290.14	-40.39	(1.76)	8860000

Sectoral Performance – Monthly Returns (%)



Key News for Today

Company/ Industry	News	View	Impact
ONGC	As per media sources, Venezuela's PDVSA has issued a statement saying ONGC's investment in Venezuela will be protected and the pending dividend of US$446 million will be paid soon	ONGC has investments in Venezuela's PDVSA through its foriegn arm ONGC-Videsh. Till now, PDVSA has paid only US$88 million out of the total dividend of US$534 million to ONGC. PDVSA plans to pay the dividend through existing offtake channels or through new crude supply agreements worth the pending dividend amount with the government-owned refineries in India	⟷

Key developments (Continued…)

- ONGC's foreign arm ONGC Videsh (OVL) reported its H1FY18 numbers. Consolidated revenues remained flat YoY at ₹ 4756 crore with crude oil & gas production at 4.8 MMT (up 33.6% YoY) and 2.2 BCM (up 17.6% YoY). The higher production was mainly on account of acquisition of an additional 11% stake in Russia's Vankor oilfields. The profitability increased 15.2% YoY at ₹ 280 crore vs ₹ 243 crore in H1FY17
- Tata Consultancy Services (TCS) and Rolls Royce have announced the expansion of their long-standing partnership to exploit future data innovation opportunities. As part of this agreement, TCS would provide IoT digital platform capability to help Rolls Royce accelerate its 'Digital First' vision. The duration of the deal is over five years
- As per media sources, Coal India, in collaboration with the railways, has managed to load 250 rakes of coal on a single day. The company is now aiming to load 266 rakes a day to achieve its targeted average loading of 250 rakes per day for FY18
- As per media sources, the Steel Ministry has requested the Finance Ministry to bring down the import duty on ferro-nickel and stainless steel scrap. We await further clarity on the same
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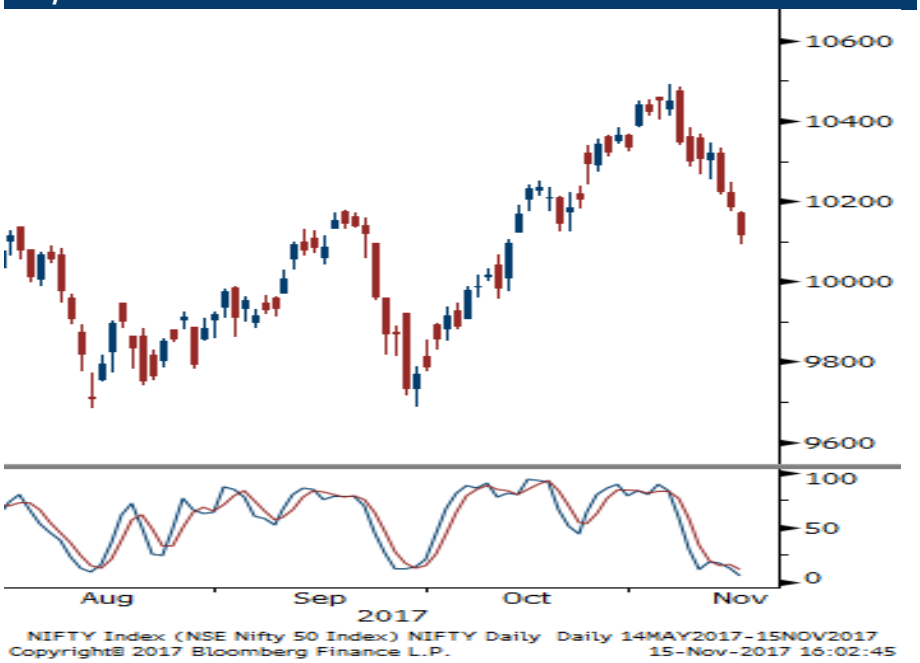
Nifty Chart



Technical Outlook

Equity benchmarks continued their losing streak on Wednesday weighed down by a sell-off in global equities and metal complex. The more damage was observed in broader markets as recently run up midcap and small cap stocks witnessed deeper cuts. The Nifty fell 0.7% while the NSE midcap, small cap indices bore cuts of 1%, 1.7% respectively.

The price action resulted in a sizeable bear candle, which carries lower high/low sequence for a seventh session in a row maintaining its corrective bias. Although the recent corrective leg has extended below expected support of 10200 levels, it is noteworthy the correction has led short-term stochastic oscillator into extreme oversold condition with reading of 5. Hence, it may lead to supportive action near 10000-10100. The reversal of bias would only be confirmed above Wednesday's high of 10175.

Pivot Points

Index/Stocks	Close	S1	S2	R1	R2	Trend
S&P BSE SENSEX INDEX	32760.4	32647.0	32535.0	32908.0	33057.0	Positive
Nifty 50	10118.1	10083.0	10048.0	10164.0	10210.0	Positive
ACC LTD	1770.9	1740.0	1708.0	1794.0	1816.0	Positive
AXIS BANK LTD	542.0	537.0	530.0	551.0	558.0	Positive
HDFC BANK LTD	1800.3	1790.0	1781.0	1806.0	1813.0	Positive
STATE BANK IND	325.0	321.0	317.0	330.0	335.0	Positive
HOUSING DEV FIN	1650.9	1642.0	1631.0	1670.0	1687.0	Positive
MARUTI SUZUKI IN	8127.3	8082.0	8038.0	8175.0	8224.0	Positive
TATA MOTORS LTD	408.7	404.0	400.0	415.0	422.0	Positive
MAHINDRA & MAHIN	1415.3	1405.0	1395.0	1427.0	1439.0	Positive
BAJAJ AUTO LTD	3109.4	3061.0	3013.0	3149.0	3187.0	Positive
TATA CONSULTANCY	2705.3	2687.0	2667.0	2741.0	2775.0	Positive
INFOSYS LTD	951.8	947.0	941.0	956.0	959.0	Positive
CIPLA LTD	593.7	586.0	579.0	604.0	615.0	Positive
OIL & NATURAL GA	177.6	175.0	172.0	180.0	184.0	Positive
RELIANCE INDS	883.7	877.0	871.0	890.0	897.0	Positive
BHARTI AIRTEL	486.8	481.0	475.0	497.0	506.0	Positive
DLF LTD	203.6	201.0	196.0	209.0	214.0	Positive

CNX Nifty Technical Picture

Nifty 50	Intraday	Short Term
Trend	Range bound	Range bound
Trend Reversal		
Support	10090-10060	10000
Resistance	10145-10170	10600
20 Days EMA		10255
200 days EMA		9620

Advances / Declines

	Advances	Declines	Unchanged
BSE	720	1991	104
NSE	371	1389	56

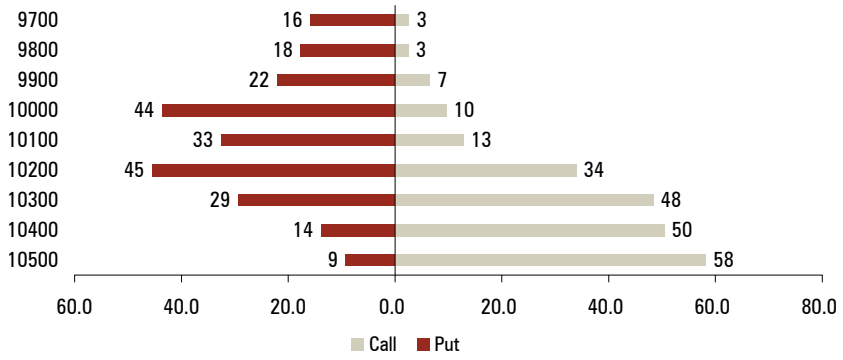
Daily Technical Calls

1. Buy Tech Mahindra in the range of 495.00-497.00
2. Sell JSW Steel in the range of 260.00-261.00

*All recommendations are of November Future

See Momentum Pick for more details

Nifty Call – Put Strike (No. of shares in lakh) – November 2017



Intraday Derivative Strategy

i) Jubilant Foodworks

Buy JUBFOO NOV Fut at 1744.00-1746.00

CMP: 1722

Target 1: 1756 Target 2: 1774

Stop Loss: 1732

ii) LIC Housing

Sell LICHF NOV Fut at 572.50-573.50

CMP: 578

Target 1: 568.5 Target 2: 561

Stop Loss: 578.5

See Daily Derivatives for more details

Results/Events Calendar

30 October Monday	31 October Tuesday	01 November Wednesday	02 November Thursday	03 November Friday	04 November Saturday
Mahindra Lifespace, EIH	Info Edge, JSW Steel,Divis	Tech Mahindra, Eclerx	Taj GVK, HEG, Glenmark	EPC Industrie, PNB	Nicco Parks
HDFC Ltd,Tata Steel,Marico	Dr Reddy,Dabur,VST Ind,Indigo	Godrej Consumer, ENIL	TCI, CCL Products,Powergrid	Titan, Hindalco	
Lupin, Kajaria, Supreme Ind	Bharti Airtel, Swaraj Engines	Greaves Cotton, Firstsource	Ramco Cement, Natco, PGIL	Godrej Agrovet	
Alembic, Bharti Infratel,BEL	Ajanta Pharma, Symphony	Hero MotoCorp,Grindwel Nort	KSB Pumps, Vedanta		
LIC Housing Fin, Century Ply	KPIT,DB Corp,Inox Leisure,Zee Me	Apollo Tyres, TCI Express	Royal Orchid, Orient Cement		

06 November Monday	07 November Tuesday	08 November Wednesday	09 November Thursday	10 November Friday	11 November Saturday
Gujarat Gas	WABCO, Indoco Remedies	Thermax,Petronet LNG,MGL	Amara Raja Batteries, Trent	Nestle,Timken,Dredging Corp	Mangalam Cement, L&T
Gulf Oil Lubricants	Prism Cement, Cipla, BHEL	Pidilite, Voltas,Shree Cement	Tata Motors, TV Today	M&M, Motherson Sumi	JK Cement,VST Tillers&Tractc
KEC International	Castrol India, Alembic Pharma	VA Tech Wabag,Bharat Forge	Bajaj Electricals,Dalmia Bharat	Bosch, Gujarat Siddhee	Coal India, Control Print
NRB	Butterfly Gandhimati,Taro	JK Lakshmi Cement,Navneet	Page,India Cements,Jagran Pra	Deccan Cement, Kesoram	Kirloskar Brothers,Siyaram
	Bayer Cropscience	Ashok Leyland,City Union Ban	HPCL, Saurashtra Cement	Ashoka Buildcon, Sobha Ltd	Birla Corp,Visaka Ind

13 November Monday	14 November Tuesday	15 November Wednesday	16 November Thursday	17 November Friday	18 November Saturday
Kanpur Plastipack,NTPC	Cadila, IPCA,Eicher Motors	CARE	Gati	ECB Current Account SA	
GSPL, Sadbhav Engineering	NCC Limited, GAIL,Bata,NBCC	Wonderla Holidays	US Industrial Prod MoM	US Building Permits MoM	
Apollo Hospitals,Idea Celluar	Cox & Kings, Simplex Infra	US CPI YoY			
Star Cement,Sunteck Realty	Bank of Baroda, PNC Infra				
Prabhat Dairy, Indian Hotels	Sun Pharma, Shankara Building				

20 November Monday	21 November Tuesday	22 November Wednesday	23 November Thursday	24 November Friday	25 November Saturday
Japan Trade Balance	US Existing Home Sales MoM	US Initial Jobless Claims	Monsanto India	Markit US Mfg PMI	
			Markit Eurozone Mfg PMI	Markit US Services PMI	

27 November Monday	28 November Tuesday	29 November Wednesday	30 November Thursday	01 December Friday	02 December Saturday
China Industrial Profits YoY	UK GDP YoY	US GDP Annualized QoQ	India GDP YoY	Nikkei India PMI Mfg	
			India GVA YoY	Nikkei India Services PMI	
			China Manufacturing PMI	Markit US Mfg PMI	
			Japan Industrial Prod YoY	Nikkei Japan PMI Mfg	
			Eurozone CPI Core YoY	Markit Eurozone Mfg PMI	

Major Economic Events this Week

Date	Event	Country	Period	Actual	Expected
13-Nov	CPI YoY	IN	Oct	3.6%	3.4%
13-Nov	PPI YoY	JN	Oct	3.4%	3.1%
14-Nov	Trade Balance	IN	Oct	-$14018.8m	-$10500m
14-Nov	Exports YoY	IN	Oct	-1.1%	--
14-Nov	Imports YoY	IN	Oct	7.6%	--
14-Nov	Wholesale Prices YoY	IN	Oct	3.6%	3.0%
14-Nov	Industrial Production YoY	CH	Oct	6.2%	6.3%
14-Nov	GDP SA YoY	EU	3Q P	2.5%	2.5%
14-Nov	CPI Core YoY	UK	Oct	2.7%	2.8%
15-Nov	CPI YoY	US	Oct	2.0%	2.0%
15-Nov	GDP SA QoQ	JN	3Q P	0.3%	0.4%
15-Nov	Industrial Production YoY	JN	Sep F	2.6%	--
15-Nov	Trade Balance SA	EU	Sep	25.0b	21.0b

Date	Event	Country	Period	Expected	Previous
16-Nov	Industrial Production MoM	US	Oct	0.4%	0.3%
16-Nov	CPI Core YoY	EU	Oct F	0.9%	0.9%

Results

Company	Revenue	Chg(%)		EBITDA	Chg(%)		PAT	Chg(%)	
	Q2FY18E	YoY	QoQ	Q2FY18E	YoY	QoQ	Q2FY18E	YoY	QoQ
GATI Ltd	415.7	-2.3	-2.6	24.9	-9.9	37.2	19.7	240.3	7.8

Revenue = NII; EBITDA = PPP for Banks and NBFC

Recent Releases

Date	Report
15 November 2017	Result Update – Gail (India) Ltd
15 November 2017	Result Update – Motherson Sumi
15 November 2017	Result Update – Bank of Baroda
15 November 2017	Result Update – Sadbhav Engineering
15 November 2017	Result Update- Rupa & Company

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